

SENATE BILL No. 428

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-34-1; IC 20-18-2-1.5; IC 20-26-11-13; IC 20-45-7.

Synopsis: Supplemental county levy; Lake County. Provides that the supplemental county property tax levy in Lake County that is distributed to school corporations in Lake County expires on July 1, 2018. Provides that a school corporation that receives a share of the supplemental county property tax levy in Lake County may not use the money for debt service or to pay for a capital project.

Effective: July 1, 2015.

Niemeyer

January 12, 2015, read first time and referred to Committee on Appropriations.



Introduced

First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 428

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-34-1, AS AMENDED BY P.L.112-2012,
2 SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 1. In the year after:
4 (1) a general assessment of real property under IC 6-1.1-4-4
5 becomes effective; or
6 (2) a reassessment cycle of real property under a county's
7 reassessment plan prepared under IC 6-1.1-4-4.2 is completed;
8 the department of local government finance shall compute a new
9 assessment ratio for each school corporation located in a county in
10 which a supplemental county levy is imposed under IC 20-45-7 (**before**
11 **its expiration on July 1, 2018**) or IC 20-45-8. In all other years, the
12 department shall compute a new assessment ratio for such a school
13 corporation if the department finds that there has been sufficient
14 reassessment or adjustment of one (1) or more classes of property in
15 the school district. When the department of local government finance
16 computes a new assessment ratio for a school corporation, the

2015

IN 428—LS 7156/DI 113



department shall publish the new ratio.

SECTION 2. IC 20-18-2-1.5, AS ADDED BY P.L.2-2006, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1.5. (a) "ADA", for purposes of this title (except IC 20-23-4-19 and IC 20-45-7 **(before its expiration on July 1, 2018))**, means the average number of pupils in daily attendance in the school corporation, determined in accordance with the rules established by the state board.

(b) "ADA", for purposes of IC 20-23-4-19, has the meaning set forth in IC 20-23-4-19.

(c) "ADA", for purposes of IC 20-45-7 **(before its expiration on July 1, 2018)**, has the meaning set forth in IC 20-45-7-3 **(before its expiration on July 1, 2018)**.

SECTION 3. IC 20-26-11-13, AS AMENDED BY P.L.205-2013, SECTION 242, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, career and technical education, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.



However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's current ADM, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school:

(A) State tuition support distributions received during the calendar year in which the school year ends.

(B) Property tax levies under IC 20-45-7 **(before its expiration on July 1, 2018)** and IC 20-45-8 for the calendar year in which the school year ends.

(C) The sum of the following excise tax revenue received for deposit in the calendar year in which the school year begins:

(i) Financial institution excise tax revenue (IC 6-5.5).

(ii) Motor vehicle excise taxes (IC 6-6-5).

(iii) Commercial vehicle excise taxes (IC 6-6-5.5).

(iv) Boat excise tax (IC 6-6-11).

(v) Aircraft license excise tax (IC 6-6-6.5).

(D) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana by or with the approval of the department of child services, the institution or facility shall charge the department of child services for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated



1 per student cost.

2 (c) Operating costs shall be determined for each class of school
3 where a transfer student is enrolled. The operating cost for each class
4 of school is based on the total expenditures of the transferee
5 corporation for the class of school from its general fund expenditures
6 as specified in the classified budget forms prescribed by the state board
7 of accounts. This calculation excludes:

- 8 (1) capital outlay;
- 9 (2) debt service;
- 10 (3) costs of transportation;
- 11 (4) salaries of board members;
- 12 (5) contracted service for legal expenses; and
- 13 (6) any expenditure that is made from extracurricular account
- 14 receipts;
- 15 for the school year.

16 (d) The capital cost of special equipment for a school year is equal
17 to:

- 18 (1) the cost of the special equipment; divided by
- 19 (2) the product of:
 - 20 (A) the useful life of the special equipment, as determined
 - 21 under the rules adopted by the state board; multiplied by
 - 22 (B) the number of students using the special equipment during
 - 23 at least part of the school year.

24 (e) When an item of expense or cost described in subsection (c)
25 cannot be allocated to a class of school, it shall be prorated to all
26 classes of schools on the basis of the student enrollment of each class
27 in the transferee corporation compared with the total student
28 enrollment in the school corporation.

29 (f) Operating costs shall be allocated to a transfer student for each
30 school year by dividing:

- 31 (1) the transferee school corporation's operating costs for the class
- 32 of school in which the transfer student is enrolled; by
- 33 (2) the student enrollment of the class of school in which the
- 34 transfer student is enrolled.

35 When a transferred student is enrolled in a transferee corporation for
36 less than the full school year of student attendance, the transfer tuition
37 shall be calculated by the part of the school year for which the
38 transferred student is enrolled. A school year of student attendance
39 consists of the number of days school is in session for student
40 attendance. A student, regardless of the student's attendance, is enrolled
41 in a transferee school unless the student is no longer entitled to be
42 transferred because of a change of residence, the student has been



1 excluded or expelled from school for the balance of the school year or
 2 for an indefinite period, or the student has been confirmed to have
 3 withdrawn from school. The transferor and the transferee corporation
 4 may enter into written agreements concerning the amount of transfer
 5 tuition due in any school year. If an agreement cannot be reached, the
 6 amount shall be determined by the state board, and costs may be
 7 established, when in dispute, by the state board of accounts.

8 (g) A transferee school shall allocate revenues described in
 9 subsection (b) STEP TWO to a transfer student by dividing:

10 (1) the total amount of revenues received during a period; by

11 (2) the current ADM of the transferee school for the period in
 12 which the revenues are received.

13 However, for state tuition support distributions or any other state
 14 distribution computed using less than the total current ADM of the
 15 transferee school, the transferee school shall allocate the revenues to
 16 the transfer student by dividing the revenues that the transferee school
 17 is eligible to receive during the period by the student count used to
 18 compute the state distribution.

19 (h) Instead of the payments provided in subsection (b), the
 20 transferor corporation or state owing transfer tuition may enter into a
 21 long term contract with the transferee corporation governing the
 22 transfer of students. The contract may:

23 (1) be entered into for a period of not more than five (5) years
 24 with an option to renew;

25 (2) specify a maximum number of students to be transferred; and

26 (3) fix a method for determining the amount of transfer tuition
 27 and the time of payment, which may be different from that
 28 provided in section 14 of this chapter.

29 (i) A school corporation may negotiate transfer tuition agreements
 30 with a neighboring school corporation that can accommodate additional
 31 students. Agreements under this section may:

32 (1) be for one (1) year or longer; and

33 (2) fix a method for determining the amount of transfer tuition or
 34 time of payment that is different from the method, amount, or
 35 time of payment that is provided in this section or section 14 of
 36 this chapter.

37 A school corporation may not transfer a student under this section
 38 without the prior approval of the child's parent.

39 SECTION 4. IC 20-45-7-29, AS ADDED BY P.L.2-2006,
 40 SECTION 168, IS AMENDED TO READ AS FOLLOWS
 41 [EFFECTIVE JULY 1, 2015]: Sec. 29. Receipts from the fund shall be
 42 credited by each qualified school corporation to its general fund. The



1 budgets of each qualified school corporation shall reflect the
2 anticipated receipts from the tax. Appropriations shall be made from
3 the general fund by the qualified school corporations as other
4 appropriations are made either in the annual budgets or by additional
5 appropriations. **Receipts from the fund by a qualified school**
6 **corporation may not be used for debt service or to pay for a capital**
7 **project.**

8 SECTION 5. IC 20-45-7-31 IS ADDED TO THE INDIANA CODE
9 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
10 1, 2015]: **Sec. 31. This chapter expires July 1, 2018.**

